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INTERNATIONAL OIL: Negotiations between oil company representatives and the Persian Gulf committee of the Organization of Petroleum Exporting Countries (OPEC) are still under way in Tehran.

For the first time since procedural discussions began on 19 January the oil company representatives and the OPEC committee have exchanged detailed substantive proposals. As expected, these are far apart, but there are indications of flexibility on both sides. A public show of optimism on the part of the Iranian negotiators reflects their hope of demonstrating sufficient progress to undercut any effort by the radical members to take over leadership and press for drastic action, such as production cutbacks or shutdowns, at the general OPEC meeting on 3 February.

Libyan officials refused to receive identical oil company proposals on Thursday. They continue to insist that talks be carried out on an individual company basis and indicate that a "dangerous situation" will exist if a settlement is not reached by 3 February.

In a related development, Syria has agreed to reopen the damaged Trans-Arabian pipeline (TAPLINE) which has been out of service since last May when it was accidentally damaged. TAPLINE officials estimate that the flow of Saudi Arabian oil to Mediterranean ports would reach 500,000 barrels per day (bpd) by the end of next week. This amount corresponds to about 15 percent of current production in Libya where the most serious threat of a shutdown exists. The availability in the Mediterranean of another 500,000 bpd of "short-haul" oil for Europe would ease the tight world tanker situation by increasing transport capability by about three percent.



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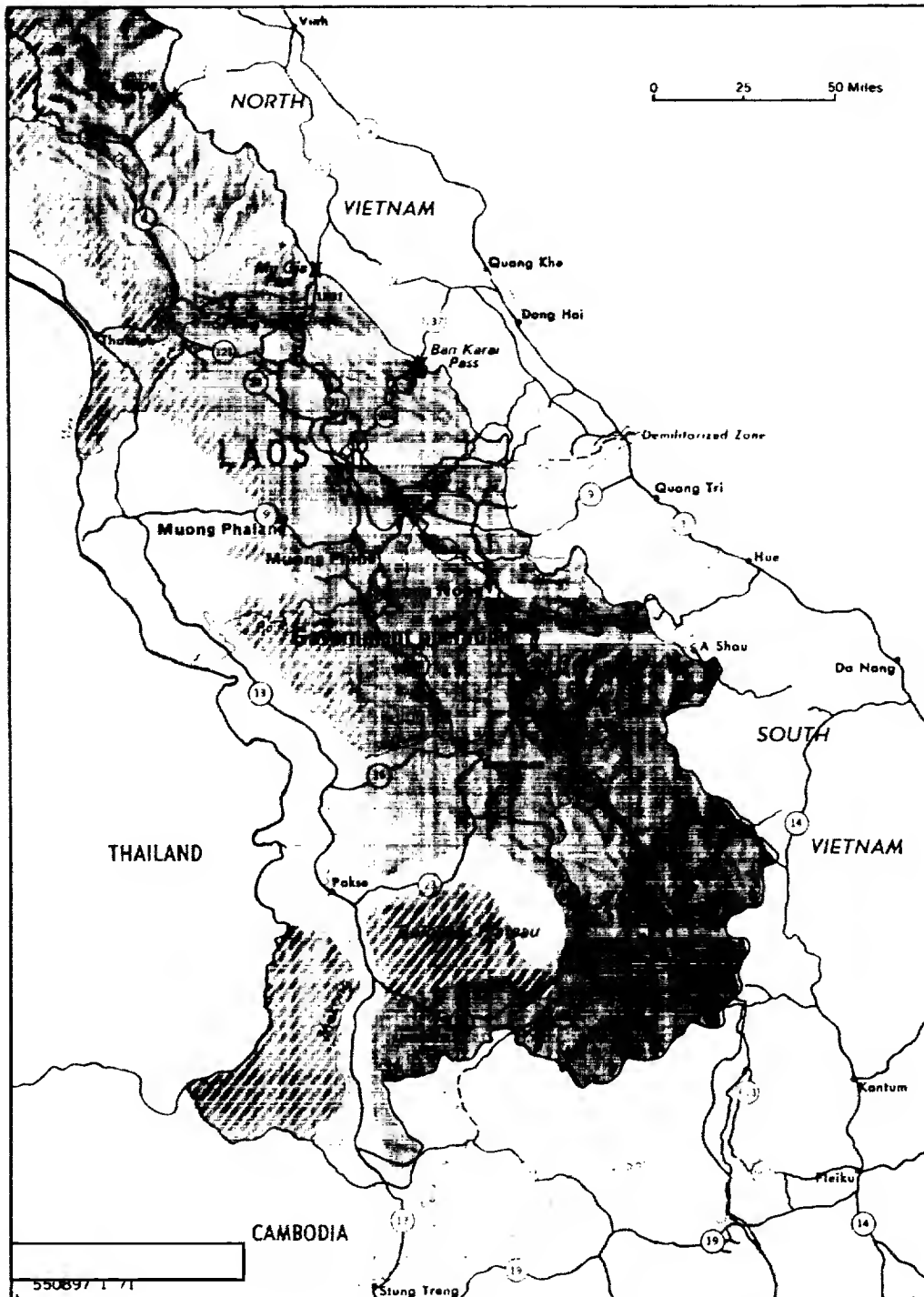
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Communist-controlled territory

Contested territory

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LAOS: Government irregulars operating against the Communist infiltration corridor south of Muong Nong have reported increased contact with the enemy.

On 28 January a reinforced North Vietnamese company of an estimated 150 men attacked the irregular command post and its two attached companies. The irregulars beat back the attack; they counted 16 enemy dead. A second attack was also repelled. Nearby, a battalion of irregulars placed 25 anti-vehicular mines on Route 99, the newly completed road bypassing heavily bombed sections of routes 92 and 96. Irregulars guarding the mining operation ambushed an estimated company of Vietnamese, killing another 16.

The North Vietnamese can be expected to react more strongly to the continued government presence in their midst.

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UGANDA: General Amin is moving with extreme caution in setting up a new government.

Apart from dismissing former cabinet ministers, the only notable sign of forward motion is Amin's appointment of an interim three-man civilian committee to assist in directing the civil service and to get the government administration moving again. There had been an indication Amin might announce a cabinet today, but an unconfirmed press report states he has postponed this step until sometime next week.

The slowness with which Amin is moving seems to corroborate earlier reports that he undertook the coup hastily and without firm plans on how to proceed if he were successful. It also probably reflects Amin's difficulty in finding capable and tribally acceptable individuals to serve under him and to help him maintain what popular support he has.



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ECUADOR-OAS: The Ecuador-US dispute continues to overshadow the OAS meeting on terrorism.

Ecuador's foreign minister injected the fisheries issue into the debate on terrorism by claiming that peaceful coexistence, which is the convention's ultimate goal, has been breached by the US assault on Ecuadorean sovereignty. Partly because of the distracting fisheries dispute, the debate and committee discussions on terrorism have accomplished little beyond formally recording the divergent views of the member states.

In what appears to be an attempt to add pressure on the US during the crisis, [REDACTED]

[REDACTED] the minister of defense might be considering the purchase of Soviet aircraft. This follows on the defense minister's public warning last week that Ecuador would look to "other sources" if the US cuts off aid. Ecuadorean naval craft were sent out on patrol again yesterday and further seizures of US boats seem likely. [REDACTED]

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POLAND: The calm that has been restored along the Baltic coast is giving the new regime some time to get organized.

The frank approach taken by Polish leaders during their eleventh hour visit to the unruly workers in Szczecin and Gdansk last weekend has resulted in a resumption of work everywhere, although the pace is still not normal. Numerous mass meetings continue to be held, albeit most of them not during working hours, to evaluate party leader Gierek and Premier Jaroszewicz's statements. Some workers are dissatisfied with the clear message that they cannot expect quick improvement in their material conditions. Local media have carried statements by some workers who claim that the pledges to make up production that have been widely publicized in the central press were made without consulting them.

The majority, however, seem to have responded to Gierek's worker-to-worker approach, and to simultaneous measures rescinding the controversial wage incentive system and higher production norms. Lowered prices of some of the cheaper meat products and appeals to patriotism also seem to have helped. Newly appointed Interior Minister Szlachcic also reportedly told the workers that the killings by the police during the December riots were not justified, and should not be repeated--an admission of guilt that seems to be a first step in the promised self-searching analysis by the party of the December events. Meanwhile, dismissals and shakeups are continuing within local party organizations in the Baltic area, including the party cells in some shipyards.

As the time for the pivotal central committee plenum, expected early next month, draws near, the media are zeroing in on the faults of the old leadership. The announcement of ex-party leader Gomułka's worsening health would seem to preclude his

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appearance, as rumored, at the conclave. The media continue to urge participation by all segments of the population in the public dialogue with only a trickle of warnings against unjustified demands. There is nothing to suggest official concern that the public discussions will exceed the bounds permitted by the system.

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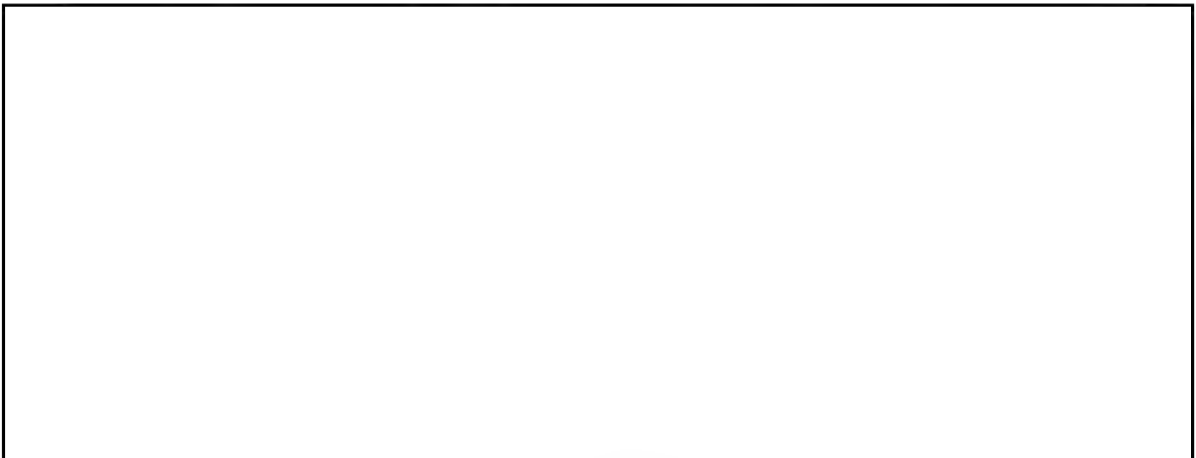
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EUROPEAN COMMUNITIES: Representatives of the Six in Brussels have made considerable progress toward resolving the impasse over the Community's projected economic and monetary union.

25X1 [redacted] all the member states now agree that no new institutions are required in the earlier stages of the union. This position reflects the French view that existing Community bodies can be modified when necessary as progress is made toward a full currency union.

Disagreement still exists, however, over the role of the EC Commission. Paris wants to minimize the Commission's responsibility for economic decision-making in favor of the Council, in which the individual governments are represented. In addition, the Six have not been able to agree on details of the union's ultimate goals.



Although final agreement may not be achieved at the Council discussion of monetary union on 8 February, the work in Brussels and the Paris talks seem to have set the stage for moving ahead.



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NOTES

FRANCE:

[REDACTED]

Defense Minister Debre stated earlier this month that the Redoutable would begin its first "deterrence patrol" before the end of this year. The Redoutable was launched in 1967 and completed its basic sea trials in November 1969. The submarine will carry 16 missiles, each capable of carrying a 500-kiloton warhead to a maximum range of about 1,300 nautical miles. France's second nuclear submarine is scheduled to become operational next year and the entire planned fleet of five such submarines will be in service around 1977.

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ZAMBIA: President Kaunda seems to have taken the steam out of recent domestic discontent. Kaunda, who had come under criticism by various party factions while attending the Commonwealth Conference, promised on his return to concentrate on resolving disagreements over government policies. Most Zambian political leaders--apparently assured that they will be consulted more on major decisions--seem to have subsequently closed ranks behind him. This development has strengthened Kaunda's hand in dealing with members of the party's assertive Bemba faction, who have been accusing the government of tribal discrimination. Perhaps in recognition of Kaunda's strength, Simon Kapwepwe, the leading Bemba spokesman has dissociated himself from inflammatory statements made by other Bembas and has called for all tribes to unite against "imperialist intrigues against Africa."

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Sino-Pakistani Road to be Opened Next Month



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USSR-PAKISTAN: Moscow has signed a pact, agreed upon in principle last June, to construct a steel mill near Karachi. The Soviets will provide at least \$200 million in credit for the plant, which will be capable of producing one million tons of steel a year. Islamabad already is trying to line up an annual supply of two million tons of iron ore and two million tons of coal from Australia as a source of low cost raw materials for the plant.

[REDACTED]

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COMMUNIST CHINA - PAKISTAN: The Indus Valley road linking Pakistan with China's Sinkiang Province will be opened next month. This 130-mile route, which has been under construction since 1965, is one of the few good roads across the Himalayas and consequently is one of the most important overland links on China's long boundary with South Asia. The difficulty in maintaining the road will limit its usefulness for military purposes or for use as an economic freight route for other than purely local traffic.

[REDACTED]

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